

# **Preliminary for Review**

## **MINUTES**

### **STATE BUILDING COMMISSION MEETING**

#### **EXECUTIVE SUB-COMMITTEE**

**SEPTEMBER 25, 2006**

The State Building Commission Executive Subcommittee met this day at 10:30 a.m. in Executive Conference Room, Ground Floor, State Capitol, Nashville, Tennessee.

#### **STATE BUILDING COMMISSION SUB-COMMITTEE MEMBERS PRESENT**

Dave Goetz, Commissioner, Department of Finance and Administration  
John Morgan, Comptroller of the Treasury  
Dale Sims, State Treasurer  
Riley Darnell, Secretary of State

#### **OTHERS PRESENT**

Mike Fitts, State Architect  
Georgia Martin, Department of Finance and Administration  
Charles Garrett, Department of Finance and Administration  
Jurgen Bailey, Department of Finance and Administration  
John Gregory, TN Wildlife Resources Agency  
Jerry Preston, Tennessee Board of Regents  
Diane Uhler, Tennessee Board of Regents  
Dennis Raffield, THEC  
George Brummett, Department of Finance and Administration  
Annette Crutchfield, Legislative Budget  
Alvin Payne, University of Tennessee  
Mike Morrow, Department of Finance and Administration  
Pat Haas, Bond Finance  
Genie Whitesell, Attorney General's Office  
Janie Porter, Attorney General's Office  
Chuck Laine, Southeast Land Partners  
Chris Hopkins, Tennessee Land Partners  
Kim Kirk, Department of Environment and Conservation  
David Salyers, West TN River Basin Authority

Mike Boshers, Department of Safety  
Lou Bervoets, Department of Agriculture  
Paul Deizman, Department of Agriculture  
Ed Jones, TBI  
Mark Gwyn, TBI  
Steve Westerman, Department of Finance and Administration  
Bob King, Department of Finance and Administration

Commissioner Goetz called the meeting to order at 10:35 a.m. and requested action on the following matters as presented by State Architect Mike Fitts.

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TENNESSEE BOARD OF REGENTS

Southwest Tennessee Community College, Memphis

- 1) Approved a request to include commissioning for **Macon Cove New Library Building** at Southwest Tennessee Community College in Memphis, Tennessee.

Estimated Project Cost:        \$17,825,000.00  
SBC Project No.                166/033-03-2005

TENNESSEE BOARD OF REGENTS

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, required interest in the following real property, REQUESTING WAIVER of APPRAISALS:

Description:	<u>Hamilton County – 1.66 +/- acres improved with a 10,000 sq. ft. building – Chattanooga State Technical Community College – Chattanooga, TN – Trans. No. 06-08-017 (LW)</u>
Purpose:	Acquisition in Fee to house the Media Services Department, Media Technology Academic Program, sculpture course & general education classes.
Source of Funding:	Campus Plant Funds
Estimated Cost:	TBOR hopes to negotiate price for \$675,000
Owner(s):	Greater Chattanooga Public Television Corp.
Comment:	The building is currently being used to house public television station WTCI, Channel 45.
SSC Report:	09-18-06. Jurgen Bailey summarized the transaction. Jerry Preston stated that this property is an in-holding inside the campus and critical for academic space. Staff referred to Sub-Committee for discussion.
SC Action:	09-25-06. Charles Garrett summarized the transaction. After discussion, the Subcommittee approved the request as presented.

TENNESSEE BOARD OF REGENTS

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description: Knox County – 9.6+/- acres with improvements – Southeast edge of Pellissippi State Technical Community College, 10817 Hardin Valley Road, Knoxville, TN – Transaction No. 06-01-026 (LW)

Purpose: Acquisition in Fee for property that is located within the Master Plan. Property will be used for parking and serve as a natural buffer to future development along Hardin valley Road.

Source of Funding: Plant Funds

Estimated Cost: Fair Market Value

Owner(s): Bonny B. Pendleton & Covalyn B. Giles

SSC Report: 02-13-06. Jurgen Bailey summarized the transaction. Staff referred to Sub-Committee for consent agenda.

SC Action: 02-21-06. Subcommittee approved the request as presented. Final action.

Comment: The transaction was approved on February 21, 2006. An appraisal established the fair market value in the amount of \$1,020,000. However, the property was sold to another party before the State could present an Option to Purchase. The property borders the southeast edge of PSTCC and is important to acquire to protect the campus from commercial encroachment. TBR was requesting condemnation proceedings to acquire the property.

SSC Report: 09-18-06. Jurgen Bailey summarized the transaction. Jerry Preston stated that this transaction was critical in order to protect the entrance to the campus from potential commercial / or residential development. Staff referred to Sub-Committee for discussion.

SC Action: 09-25-06. Jerry Preston provided a brief history of the transaction. Treasurer Sims asked if this was within the master plan acquisition area, and was told "yes". Subcommittee approved the Board's request to proceed with condemnation to acquire the property.

TENNESSEE BOARD OF REGENTS

DISCUSSION ITEM

Discuss the conveyance/status of the United States Postal Service building and City of Memphis Property located at 1 North Front Street to the State of Tennessee.

Transaction No. 06-09-001(LW)

SSC Report: 09-18-06. Jurgen Bailey summarized the transaction. Jerry Preston stated that this acquisition has a 90-day due diligence period in order for the Board to check out the building structure, environmental survey and do the necessary investigation. This building will be used for the Memphis School of Law; \$5.3 million (gift funds) has been negotiated to build a 29,000 sq. ft. building for the U. S. Post Office; \$42 million has been approved by State to renovate the 175,000 sq. ft. post office building. The Board will request final approval to acquire this property in November if property meets its expectations. Staff referred to Sub-Committee for discussion.

SC Action: 09-25-06. Jerry Preston distributed a handout and gave a summary of the transaction. He stated that the sales agreement had just been executed and has a 90-day contingency period before being brought back to the Subcommittee in November for final consideration. After discussion, the Subcommittee thanked Mr. Preston for his report.

DEPARTMENT OF ENVIRONMENT & CONSERVATION

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL of EASEMENTS in real property with WAIVER of ADVERTISEMENTS and APPRAISALS with the RIGHT of ENTRY as required by TCA 4-15-102 and 12-2-112.

Description:	<u>Carroll County – 4" flowage, dam and spillway easements under West TN River Basin's authority located near Huntingdon, TN – Trans. No. 06-09-002 (BW)</u>
Purpose:	Transfer of easements to relieve maintenance costs and responsibilities from State to local ownerships.
Sale Price:	Grant
Grantee:	Tennessee Land Partners, LLC
SSC Report:	09-18-06. Jurgen Bailey summarized the transaction. Kim Kirk stated that Tennessee Land Partners, LLC is developing property around the lake as a residential development. The responsibility and maintenance cost of the dam structure and its maintenance will be pro-rated among all the property owners around the lake relieving the costs from the State to the Homeowners Association. Staff referred to Sub-Committee with recommendation.
SC Action:	09-25-06. Kim Kirk, General Counsel for the Department of Environment and Conservation, was recognized and presented a summary of the transaction. She stated that they would like to take the West Tennessee River Basin Authority out and the responsibility given to the parties who will benefit from the spillway. Comptroller Morgan asked if this transaction was essential to the residential development. Ms. Kirk said she didn't think so. Secretary Darnell asked why the developer or the HOA would want to take on such a liability. Chuck Laine stated that the easements would give the developer more flexibility, and the developer felt this was essential to the project. Secretary Darnell said he hoped that everyone understands the risk. After further discussion, the request was approved.

DEPARTMENT OF AGRICULTURE

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description:	<u>Marion County – 2,248 +/- acres – adjoining Prentice Cooper State Forest, Signal Mountain, TN – Trans. No. 06-08-011 (GM)</u>
Purpose:	Acquisition by Easement of Phase 2 of Forest Legacy project identified as Big Forks Tree Farm.
Source of Funding:	USDA Forest Legacy Grant - \$1,500,000 Donation - \$500,000
Estimated Cost:	\$1,100,000
Estimated Title, Appraisal and Survey Fees:	Fair Market Value
Owner(s):	Sarah Gwynn
SSC Report:	09-18-06. Jurgen Bailey summarized the transaction. Staff referred to Sub-Committee for discussion.
SC Action:	09-25-06. Charles Garrett summarized the transaction. He stated that the owners would retain title to the land and mineral rights. Any area timbered must be restocked. Secretary Darnell said he didn't know what timber land costs and he hoped that whenever the State purchases in fee that the approval takes into account the easement value owned by the State. Treasurer Sims said that before that appraisal is accepted as final, he hoped that it would be reviewed as reasonable. Jurgen Bailey replied that they will review the appraisal. The Subcommittee then approved the request as presented.

TENNESSEE WILDLIFE RESOURCES AGENCY

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description: Dyer County – 268.46 +/- acres – Moss Island Refuge/Wildlife Management Agency & Whites Lake Refuge, Dyersburg, TN – Trans. No. 06-08-006 (RJ)

Purpose: Acquisition in Fee of these tracts is being acquired under the Wetland Acquisition program and fund.

Source of Funding: NAWCA grant funds - \$1,000,000  
Wetland funds - \$4,449,587

Estimated Cost: Fair Market Value

Owner(s): Jill George

SSC Report: 09-18-06. Jurgen Bailey summarized the transaction. Staff referred to Sub-Committee with recommendation.

SC Action: 09-25-06. Charles Garrett summarized the transaction. John Gregory stated that this and the next three requests were an attempt to connect several older tracts of land. He responded that the land is currently being used for agriculture, but would be acquired for reforestation and creation of habitat. The Subcommittee approved all four requests as presented.



TENNESSEE WILDLIFE RESOURCES AGENCY

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description:	<u>Dyer County – 788.40 +/- acres – Moss Island Refuge/Wildlife Management Agency &amp; Whites Lake Refuge, Dyersburg, TN – Trans. No. 06-08-007 (RJ)</u>
Purpose:	Acquisition in Fee of these tracts is being acquired under the Wetland Acquisition program and fund.
Source of Funding:	NAWCA grant funds - \$1,000,000 Wetland funds - \$4,449,587
Estimated Cost:	Fair Market Value
Owner(s):	George Doyle
SSC Report:	09-18-06. Jurgen Bailey summarized the transaction. Staff referred to Sub-Committee with recommendation.
SC Action:	09-25-06. Subcommittee approved the request as presented.

TENNESSEE WILDLIFE RESOURCES AGENCY

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description:	<u>Dyer County – 113.00 +/- acres – Moss Island Refuge/Wildlife Management Agency &amp; Whites Lake Refuge, Dyersburg, TN – Trans. No. 06-08-008 (RJ)</u>
Purpose:	Acquisition in Fee of these tracts is being acquired under the Wetland Acquisition program and fund.
Source of Funding:	NAWCA grant funds - \$1,000,000 Wetland funds - \$4,449,587
Estimated Cost:	Fair Market Value
Owner(s):	Thomas D. Foster
SSC Report:	09-18-06. Jurgen Bailey summarized the transaction. Staff referred to Sub-Committee with recommendation.
SC Action:	09-25-06. Subcommittee approved the request as presented.

TENNESSEE WILDLIFE RESOURCES AGENCY

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description:	<u>Dyer County – 773.0 +/- acres – Moss Island Refuge/Wildlife Management Agency &amp; Whites Lake Refuge, Dyersburg, TN – Trans. No. 06-08-009 (RJ)</u>
Purpose:	Acquisition in Fee of these tracts is being acquired under the Wetland Acquisition program and fund.
Source of Funding:	NAWCA grant funds - \$1,000,000 Wetland funds - \$4,449,587
Estimated Cost:	Fair Market Value
Owner(s):	Kirk Farms
SSC Report:	09-18-06. Jurgen Bailey summarized the transaction. Staff referred to Sub-Committee with recommendation.
SC Action:	09-25-06. Subcommittee approved the request as presented.

TENNESSEE WILDLIFE RESOURCES AGENCY

DISCUSSION ITEMS

- 1) Discussion seeking approval to allow a non-profit, (The Nature Conservancy), to acquire a two-acre tract in Montgomery County to protect a bat cave habitat and to sell it to State at fair market value.

SC Action: 9-25-06. John Gregory informed the Subcommittee that the Nature Conservancy would like to acquire a two-acre tract in Montgomery County to protect the Indiana and Gray bats' habitat, and to sell it to the State at fair market value. After discussion, the Subcommittee acknowledged the Agency's intent.

- 2) Discussion seeking approval to allow a non-profit (The Nature Conservancy), to acquire an ecologically sensitive 4,200 acre tract in Fentress County and, subsequently, donate the land to the State as a gift to manage the properties.

SC Action: 9-25-06. John Gregory informed the Subcommittee that the Nature Conservancy would like to acquire an ecologically sensitive 4,200 acre tract in Fentress County, and donate the land to the State as a gift to manage the properties. After discussion, the Subcommittee acknowledged the Agency's intent.

- 3) Discuss T.W.R.A.'s Annual Report to S.B.C. for Share Crop Program.

SSC Report: 09-18-06. Jurgen Bailey summarized the discussion items. John Gregory presented the purpose for each discussion item. Staff referred to Subcommittee for discussion.

SC Action: 9-25-06. John Gregory stated that the Annual Report for the Share Crop Program had been distributed to the members. Subcommittee thanked Mr. Gregory, and accepted the report.

TENNESSEE BUREAU OF INVESTIGATION

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description:	<u>Knox County – 5.0 +/- acres – Strawberry Plains Pike, Strawberry Plains, TN – Transaction No. 05-09-001 (JB)</u>
Purpose:	Acquisition in Fee to provide site to build the new TBI Forensic Lab.
Source of Funding:	SBC Project No. 500/003-01-2005
Owner(s):	Marvin & Wanda Neal
Comment:	Property appraised at \$875,000 "as is" without any site improvement. Sales price of \$950,000 was negotiated. Owner will get site ready provide water, sewer, electricity and gas and build common access road to site.
SSC Report:	11-14-05. Jurgen Bailey summarized the transaction. Ed Jones, Assistant Director, presented the transaction. Staff referred to Sub-Committee for recommendation.
SC Action:	11-21-05. Charles Garrett presented the transaction. Subcommittee questioned the need to locate the facility in an area where the cost of commercial property is so high. Mr. Garrett stated that they had looked at 12-15 sites and all were expensive, but that this was located near the interstate for easy access. Treasurer Sims stated that the East side was critical to their operation. After general discussion, Subcommittee approved the request as presented. Final action.
Comment:	Requesting further approval to pay an additional \$98,000 to owner for utility upgrades required to make this site work for the TBI Lab.
SSC Report:	09-18-06. Jurgen Bailey summarized the transaction. Staff referred to Sub-Committee with recommendation.
SC Action:	09-25-06. Charles Garrett summarized the transaction. Subcommittee approved the request as presented.

DEPARTMENT OF SAFETY

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property as required by TCA 12-2-115:

Location: Lincoln County – 4110 Thornton Taylor Parkway, Fayetteville, TN – Trans. No. 05-06-908 (JS)

Purpose: To provide office space for DLI & THP for county operations

Term: September 1, 2007 thru August 31, 2017 (10 yrs)

Proposed Amount:	<u>4,234 Square Feet</u>		
	Annual Contract Rent:	\$52,200.00	@\$12.33/sf
	Est. Annual Utility Cost:	\$ 5,927.60	@\$ 1.40/sf
	Est. Annual Janitorial Cost:	<u>\$ 4,657.40</u>	<u>@\$ 1.10/sf</u>
	Total Annual Effective Cost:	\$62,785.00	@\$14.83/sf

Current Amount:	<u>1,500 Square Feet</u>		
	Annual Contract Rent:	\$13,000.08	@\$ 8.67/sf
	Est. Annual Utility Cost:	\$ 2,100.00	@\$ 1.40/sf
	Est. Annual Janitorial Cost:	<u>\$ 1,650.00</u>	<u>@\$ 1.10/sf</u>
	Total Annual Effective Cost:	\$16,750.08	@\$11.17/sf

Type: New Lease – Advertised for the second time – Receive only one proposal from the current lessor

FRF Rate: \$12.50 per square foot

Purchase Option: Yes – 1 thru 10 yrs

Lessor: Don Gray, current lessor

Comment: The proposed lease provides (1) Lessor shall construct a new facility including tenant improvements at no additional cost to the State, and (2) proposed lease has no cancellation for the first five (5) years except for cause and/or lack of funding and 180-day thereafter.

SSC Report: 09-18-06. Bob King summarized the transaction. Staff referred to Sub-Committee with recommendation.

**Department of Safety – continued:**

SC Action: 09-25-06. Charles Garrett summarized the request. He said that the lease contains a purchase option and their intent is to purchase when appropriate. Secretary Darnell asked when they can buy it, and if the State even needs to lease it at all. Mr. Garrett responded that the agreement provides that they could buy it upon completion, if they desired. Treasurer Sims asked what would change their minds about buying it early, and Mr. Garrett responded that the quality of the actual construction would have a bearing. He said they will evaluate the actual construction versus the requirements of the lease and make a recommendation. After further discussion, the request was approved as presented.

DEPARTMENT OF FINANCE AND ADMINISTRATION

FACILITIES REVOLVING FUND

- 1) Charles Garrett presented a request for approval of the proposed rate increase for the **Facilities Revolving Fund** in selected counties statewide. He distributed a handout identifying the following increases and said that all agencies will be held harmless.
  - The FRF rate in rural counties will increase from \$10.25 to \$12.50 per square foot.
  - The FRF rate for counties within metropolitan statistical areas (a total of 16 counties) will remain at \$13.50 per square foot. However, four of the MSA counties (Cheatham, Wilson, Sullivan, and Bradley) are currently rated at \$10.25 per square foot, and another MSA county (Putnam) at \$13.00 per square foot. The FRF rate in these five counties will be increased to the prevailing \$13.50 rate.
  - Williamson County, currently listed as an MSA county, will be re-classified as an urban county and will assume the current Davidson County rate of \$18.00 per square foot.

Subcommittee approved the request as presented.



## STATE BUILDING COMMISSION

### MINUTES OF EXECUTIVE SUBCOMMITTEE MEETING

- 1) State Architect Mike Fitts requested approval of the Minutes of the Executive Subcommittee meeting held on August 25, 2006. Treasurer Sims stated that, at the August 25 meeting, there was an item brought up from the floor relative to the award of a contract to SKIRE, Inc. He said there was a good bit of discussion at the time and he was not sure it was clear as to the Subcommittee's intent. He added that he clearly understood that the project management software was needed and that the system they were using was not adequate. He also knew there was a desire to get the system up and running at the Morgan County Correctional Center project. Treasurer Sims added that while there was somewhat of an RFP done, but it was pretty clear that it was not a straight-up RFP and, in an effort not to hold up implementation, he was comfortable proceeding with those projects. He added that if they decide to go forward and expand this system and used it for other projects, he didn't think it was the Subcommittee's intent to approve this for everything. He said if Real Property Administration was convinced of using this existing process before they expand the scope, they should have to procure it. Treasurer Sims said that he would prefer it be done through some competitive process and it not be based upon Subcommittee's previous action. He said if this had been presented to the SBC, they would have required some competitive request, whatever that normal process might be. He added that their approval should be limited to those projects they have piloted out, and Secretary Darnell stated that he agreed.

Commissioner Goetz stated that his understanding was that when you buy the software, you buy the software; it is in the system now. Comptroller Morgan asked if there was a license issue, and Mike Morrow replied that the contract included 50-site license. Treasurer Sims said the term of the contract was "one year with a four-year option to renew". He said he was not sure he would have made the motion if he knew they would be bypassing the normal process. Charles Garrett responded that this tool was supportive of where they want to go with the Edison project. Treasurer Sims said that they have a one year contract and suggested that, before that contract is extended, they should go through a normal procurement process. He said he wanted to view this as entering into the contract as an emergency. He added that if the Fiscal Review Committee isn't to be involved, he didn't want the action of the Subcommittee to be used as the approval basis. In answer to questions, Commissioner Goetz stated that they started out with the funding source coming out of the project and it got backed out. Mr. Garrett stated that they were using Operating Funds and proceeding with the one-year contract. In response to Treasurer Sims's concerns, Charles Garrett said they would handle it.

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The Subcommittee then approved the Minutes and the Consent Agenda and adjourned at 11:50 a.m.

CONSENT AGENDA

Approved the following real property transactions, which have been reviewed and recommended for approval by Sub-Committee staff:

- A. Agency: University of Tennessee – Knox County  
Transaction: Acquisition in Fee
- B. Agency: Tennessee Board of Regents – Lewis County  
Transaction: Acquisition in Fee  
Provision: Demolition Approval
- C. Agency: Tennessee Board of Regents – Sumner County  
Transaction: Disposal of Easement  
Provision: Waiver of Advertisement & Appraisal
- D. Agency: Department of Environment & Conservation – Giles County  
Transaction: Acquisition in Fee
- E. Agency: Department of Transportation – Wilson County  
Transaction: Disposal in Fee  
Provision: Waiver of One Appraisal
- F. Agency: Department of Military – Johnson County  
Transaction: Disposal in Fee  
Provision: Waiver of Advertisement & Appraisal
- G. Agency: Department of Military – Anderson County  
Transaction: Disposal in Fee  
Provision: Waiver of Advertisement & Appraisal
- H. Agency: Tennessee Wildlife Resources Agency – Shelby County  
Transaction: Acquisition in Fee  
Provision: Waiver of Appraisal
- I. Agency: Tennessee Wildlife Resources Agency – Anderson County  
Transaction: Disposal by Easement  
Provision: Waiver of Advertisement & Appraisals
- J. Agency: Department of Human Services – Washington County  
Transaction: Lease Agreement
- K. Agency: Department of Children’s Services – Davidson County  
Transaction: Lease Agreement

- L. Agency: Department of Children's Services – Shelby County  
Transaction: Lease Agreement
- M. Agency: Finance & Administration for Departments of Human & Children's Services – Grundy County  
Transaction: Lease Agreement
- N. Agency: Finance & Administration for Departments of Human & Children's Services – Macon County  
Transaction: Lease Agreement

A.

UNIVERSITY OF TENNESSEE

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description:	<u>Knox County – 0.17 +/- acres – 913 - 22<sup>nd</sup> Street, Knoxville, TN - Trans. No. 06-08-013 (FB)</u>
Purpose:	Acquisition in Fee to purchase the property. The property is in the University's Master Plan.
Source of Funding:	University of Tennessee
Estimated Cost:	Fair Market Value
Owner(s):	The Melrose Group, LLC
SSC Report:	09-18-06. Jorgen Bailey summarized the transaction. Alvin Payne stated that the property was in the Master Plan and the importance of the purchase of the property for the University. Staff referred to Sub-Committee for consent agenda.
SC Action:	09-25-06. Subcommittee approved the transaction as presented.

B.

TENNESSEE BOARD OF REGENTS

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, required interest in the following real property, REQUESTING DEMOLITION APPROVAL not to exceed the appraised value for the property being acquired:

Description: Lewis County – 1.9 +/- acres with improvements – adjacent to TN Technology Center – 829 West Main Street, Hohenwald, TN – Trans. No. 06-08-005 (LW)

Purpose: Acquisition in Fee for future expansion and immediate parking

Source of Funding: R & R Campus Plant Funds

Estimated Cost: Fair Market Value

Owner(s): Judy A. Mercer

SSC Report: 09-18-06. Jurgen Bailey summarized the transaction. Staff referred to Sub-Committee for consent agenda.

SC Action: 09-25-06. Subcommittee approved the transaction as presented.

C.

TENNESSEE BOARD OF REGENTS

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL by EASEMENT of interest in real property with WAIVER of ADVERTISEMENT and ONE (1) APPRAISAL as required by TCA 4-15-102 and 12-2-112.

Description:	<u>Sumner County – 0.117 +/- acres – 460 feet long along northern property boundary from the NW corner slope easement &amp; 0.209 +/- acres – temporary construction easement (up to 3 years) at Volunteer State Community College, Gallatin, TN – Trans. No. 06-08-016 (LW)</u>
Purpose:	Disposal by Easement to accommodate construction of a connector road from the bypass to Nashville Pike, to be constructed by TDOT.
Estimated Sale Price:	\$9,000 (includes \$500 REM Fee)
Grantee:	Sumner County
SSC Report:	09-18-06. Jurgen Bailey summarized the transaction. Staff referred to SubCommittee for consent agenda.
SC Action:	09-25-06. Subcommittee approved the transaction as presented.

D.

DEPARTMENT OF ENVIRONMENT & CONSERVATION

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description:	<u>Giles County – 0.7 +/- acres – Sam Davis Memorial State Historic Site - 128 Sam Davis Avenue, Pulaski, TN – Transaction No. 06-03-011 (RJ)</u>
Purpose:	Acquisition in Fee to expand the museum on the Civil War era and preserve the existing integrity of the museum, surrounding historic district and creating a walking trail.
Source of Funding:	State Land Acquisition Fund - \$18,664.80 Giles County Historical Society - \$ 9,335.20
Estimated Cost:	Fair Market Value
Owner(s):	Johnny Mark Johnson
Comment:	Property is known as the Johnson tract
SSC Report:	04-17-06. Jurgan Bailey summarized the transaction. Charles Harrison requested that we acquire property at Fair Market Value not to exceed \$28,000.00. If transaction exceeds this amount it will require further review by staff. Staff referred to Sub-Committee for consent agenda.
SC Action:	04-24-06. Approved as presented. Final action.
Comment:	Requesting further approval to acquire subject property at appraised value of \$33,800.
SSC Report:	09-18-06. Jurgan Bailey summarized the transaction. Mike Baumstark stated the State Land Acquisition Fund will make up the difference in the lost. Staff referred to Sub-Committee for consent agenda.
SC Action:	09-25-06. Subcommittee approved the transaction as presented.

E.

DEPARTMENT OF TRANSPORTATION

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL of interest in real property with WAIVER of ONE (1) APPRAISAL as required by TCA 4-15-102 and 12-2-112:

Description:	<u>Wilson County – 3.696 +/- acres – Tract No. 6 ROW, Mt. Juliet, TN – Trans. No. 06-07-020 (FB)</u>
Purpose:	Disposal in Fee for property previously conveyed by quitclaim deed to the City of Mt. Juliet with a reversionary clause in April 2006. City wants to buy the property at fair market value to release the reversionary clause.
Estimated Sale Price:	Fair Market Value
Grantee:	City of Mt. Juliet
Comment:	Project No. IR-40-5(80)225
SSC Report:	09-18-06. Jurgen Bailey summarized the transaction. Staff referred to Sub-Committee for consent agenda.
SC Action:	09-25-06. Subcommittee approved the transaction as presented.



F.

DEPARTMENT OF MILITARY

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL of interest in real property with WAIVER of ADVERTISEMENT and ONE APPRAISAL as required by TCA 4-15-102 and 12-2-112:

Description:	<u>Johnson County - .13 +/- acres – Mountain City Armory, Mt. City, TN – Trans. No. 06-05-009 (FB)</u>
Purpose:	Disposal in Fee to amend previous approval of Disposal by Lease
Original Cost to State:	Gift
Date of Original Conveyance:	1994
Grantor Unto State:	Johnson City & Mountain City
Grantee:	Bob Pardue
Comment:	Mr. Pardue needs to expand is Lawn & Garden Center
SSC Report:	09-18-06. Jorgen Bailey summarized the transaction. Staff referred to Sub-Committee for consent agenda.
SC Action:	09-25-06. Subcommittee approved the transaction as presented.

G.

DEPARTMENT OF MILITARY

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL of interest in real property with WAIVER of ADVERTISEMENT and APPRAISALS as required by TCA 4-15-102 and 12-2-112:

Description:	<u>Anderson County – 8.29 +/- acres improved with 11,014 +/- sq. ft. armory and associated buildings – Oak Ridge, TN – Trans. No. 06-07-002 (LW)</u>
Purpose:	Disposal in Fee of the property & improvements to the City of Oak Ridge for a Community Center
Original Cost to State:	Donation
Date of Original Conveyance:	March 1963
Grantor Unto State:	City of Oak Ridge
Estimated Sale Price:	Gift
Grantee:	City of Oak Ridge
Comment:	Girls, Inc. will continue using the softball field and the Kennel Club has relocated.
SSC Report:	09-18-06. Jurgen Bailey summarized the transaction. Staff referred to Sub-Committee for consent agenda.
SC Action:	09-25-06. Subcommittee approved the transaction as presented.

TENNESSEE WILDLIFE RESOURCES AGENCY

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, required interest in the following real property, REQUEST WAIVER OF APPRAISALS for the property being acquired:

Description:	<u>Shelby County – 1.96 +/- acres – Memphis, TN – Trans. No. 06-08-010 (RJ)</u>
Purpose:	Acquisition in Fee to provide opportunities for viewing wildlife and to be used for mitigation of wetlands to protect the riparian habitat along the Loosahatchie River.
Source of Funding:	Tennessee Wildlife Resources Agency Funds
Estimated Cost:	Fair Market Value
Owner(s):	Landstone Medical Properties, LLC
SSC Report:	09-18-06. Jurgen Bailey summarized the transaction. Staff referred to Sub-Committee for consent agenda.
SC Action:	09-25-06. Subcommittee approved the transaction as presented.

TENNESSEE WILDLIFE RESOURCES AGENCY

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL by EASEMENT of interest in real property with WAIVER of ADVERTISEMENT and APPRAISALS as required by TCA 4-15-102 and 12-2-112.

Description:	<u>Anderson County – 2.0 +/- acres for each site– Sundquist WMA, New River City, TN – Trans. No. 06-08-012 (RJ)</u>
Purpose:	Disposal by Easement for gas wells, pipelines and road access. Well numbers are AD 1028, AD 1030 and AD 1033.
Estimated Sale Price:	License Funds
Grantee:	Knox Energy Company, Joe Congelton
SSC Report:	09-18-06. Jorgen Bailey summarized the transaction. Staff referred to Sub-Committee for consent agenda.
SC Action:	09-25-06. Subcommittee approved the transaction as presented.

DEPARTMENT OF HUMAN SERVICES

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property as required by TCA 12-2-115:

Location: Washington County – 103 East Walnut Street, Johnson City, TN – Trans. No. 06-03-901 (JS)

Purpose: To provide office space for county operations

Term: August 1, 2007 thru July 31, 2017 (10 yrs)

Proposed Amount: 15,895 Square Feet

Annual Contract Rent Incl. Annual		
Utility Cost:	\$149,412.96	@ \$ 9.40/sf
Est. Annual Janitorial Cost:	<u>\$ 17,484.50</u>	<u>@ \$ 1.10/sf</u>
Total Annual Effective Cost:	\$166,897.46	@ \$10.50/sf

Current Amount: 14,000 Square Feet

Annual Contract Rent:	\$120,000.00	@ \$ 8.57/sf
Est. Annual Utility Cost:	\$ 19,600.00	@ \$ 1.40/sf
Est. Annual Janitorial Cost:	<u>\$ 15,400.00</u>	<u>@ \$ 1.10/sf</u>
Total Annual Effective Cost:	\$155,000.00	@ \$11.07/sf

Type: New Lease – Advertise – Received six (6) proposals from four (4) proposers. Lowest from the current lessor.

FRF Rate: \$13.50 per square foot

Purchase Option: Yes – 1 thru 10 yrs

Lessor: Twin Oaks Development Partners, current lessor

Comment: The proposed lease provides (1) Lessor shall construct 1,895 sq. ft. addition to the existing building including tenant improvements at no additional cost to the State, and (2) proposed lease has no cancellation for the first five (5) years except for cause and/or lack of funding and 180-day thereafter.

SSC Report: 09-18-06. Bob King summarized the transaction. Staff referred to Sub-Committee for consent agenda.

SC Action: 09-25-06. Subcommittee approved the transaction as presented.

K.

DEPARTMENT OF CHILDREN'S SERVICES

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property as required by TCA 12-2-115:

Location: Davidson County – 289 Plus Park Blvd., Suite 100, Nashville, TN – Trans. No. 06-02-904 (JS)

Purpose: To provide office space for Davidson County Region

Term: July 1, 2007 thru June 30, 2017 (10 yrs)

Proposed Amount:	<u>12,500 Square Feet</u>		
	Annual Contract Rent:	\$124,375.00	@ \$ 9.95/sf
	Est. Annual Utility Cost:	\$ 17,500.00	@ \$ 1.40/sf
	Est. Annual Janitorial Cost:	<u>\$ 13,750.00</u>	<u>@ \$ 1.10/sf</u>
	Total Annual Effective Cost:	\$155,625.00	@ \$12.45/sf

Current Amount:	<u>12,690 Square Feet</u>		
	Annual Contract Rent Incl. Annual		
	Utility & Janitorial Cost:	<u>\$174,487.50</u>	<u>@ \$13.75/sf</u>
	Total Annual Effective Cost:	\$174,487.50	@ \$13.75/sf

Type: New Lease – Advertise – Receive four (4) proposals from three (3) proposers.

FRF Rate: \$18.00 per square foot

Purchase Option: No – Multi-tenant

Lessor: Daymar Properties of Nashville, LLC

Comment: The proposed lease provides (1) Lessor shall build-out 12,500 sq. ft. including tenant improvements at no additional cost to the State, and (2) proposed lease has no cancellation for the first five (5) years except for cause and/or lack of funding and 180-day thereafter.

SSC Report: 09-18-06. Bob King summarized the transaction. Staff referred to Sub-Committee for consent agenda.

SC Action: 09-25-06. Subcommittee approved the transaction as presented.

L.

DEPARTMENT OF CHILDREN'S SERVICES

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property as required by TCA 12-2-115:

Location: Shelby County – 1991 Corporate Avenue, Memphis, TN – Trans. No. 06-03-915 (AL)

Purpose: To provide office space for county operations

Term: January 1, 2007 thru December 31, 2011 (5 yrs)

Proposed Amount:	<u>17,986 Square Feet</u>		
	Annual Contract Rent Incl. Annual		
	Utility & Janitorial Cost:	<u>\$250,000.00</u>	<u>@\$13.90/sf</u>
	Total Annual Effective Cost:	<u>\$250,000.00</u>	<u>@\$13.90/sf</u>

Current Amount:	<u>17,986 Square Feet</u>		
	Annual Contract Rent Incl. Annual		
	Utility & Janitorial Cost:	<u>\$298,207.80</u>	<u>@\$16.58/sf</u>
	Total Annual Effective Cost:	<u>\$298,207.80</u>	<u>@\$16.58/sf</u>

Type: New Lease – Advertise – Receive Thirteen (13) proposals from six (6) proposers, six (6) proposals are non-conforming. Lowest conforming proposal is the current lessor.

FRF Rate: \$17.00 per square foot

Purchase Option: No – Multi-tenant

Lessor: JP Memphis, LLC, current lessor

Comment: The proposed lease provides no cancellation except for cause and/or lack of funding.

SSC Report: 09-18-06. Bob King summarized the transaction. Staff referred to Sub-Committee for consent agenda.

SC Action: 09-25-06. Subcommittee approved the transaction as presented.

M.

DEPARTMENT OF FINANCE & ADMINISTRATION  
for  
DEPARTMENTS of HUMAN & CHILDREN'S SERVICES

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property as required by TCA 12-2-115:

Location: Grundy County – 606 Highway 41, Tracy City, TN – Trans. No. 05-10-907 (RS)

Purpose: To provide office space for county operations

Term: August 1, 2007 thru July 31, 2017 (10 yrs)

Proposed Amount:	<u>10,100 Square Feet</u>		
	Annual Contract Rent:	\$ 99,990.00	@ \$ 9.90/sf
	Est. Annual Utility Cost:	\$ 14,140.00	@ \$ 1.40/sf
	Est. Annual Janitorial Cost:	<u>\$ 11,110.00</u>	<u>@ \$ 1.10/sf</u>
	Total Annual Effective Cost:	\$125,240.00	@ \$12.40/sf

Current Amount:	<u>5,700 Square Feet</u>		
	Annual Contract Rent:	\$43,800.00	@ \$ 7.68/sf
	Est. Annual Utility Cost:	\$ 7,980.00	@ \$ 1.40/sf
	Est. Annual Janitorial Cost:	<u>\$ 6,270.00</u>	<u>@ \$ 1.10/sf</u>
	Total Annual Effective Cost:	\$58,050.00	@ \$10.18/sf

Type: New Lease – Advertise – Lowest and only proposal received from the current lessor.

FRF Rate: \$12.50 per square foot

Purchase Option: Yes – 1 thru 10 yrs

Lessor: Pedigo-Tracy Properties, LP, current lessor

Comment: The proposed lease provides (1) Lessor shall construct 4,400 sq. ft. addition to the existing building including tenant improvements at no additional cost to the State, and (2) proposed lease has no cancellation for the first five (5) years except for cause and/or lack of funding and 180-day thereafter.

SSC Report: 09-18-06. Bob King summarized the transaction. Staff referred to Sub-Committee for consent agenda.

SC Action: 09-25-06. Subcommittee approved the transaction as presented.



N.

DEPARTMENT OF FINANCE & ADMINISTRATION for  
DEPARTMENTS of HUMAN & CHILDREN'S SERVICES

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property as required by TCA 12-2-115:

Location: Macon County – 403 Highway 52 ByPass East, Lafayette, TN – Trans. No. 06-01-909 (RS)

Purpose: To provide office space for county operations

Term: July 1, 2007 thru June 30, 2017 (10 yrs)

Proposed Amount:	<u>7,200 Square Feet</u>		
	Annual Contract Rent:	\$73,896.00	@\$10.26/sf
	Est. Annual Utility Cost:	\$10,080.00	@\$ 1.40/sf
	Est. Annual Janitorial Cost:	<u>\$ 7,920.00</u>	<u>@\$ 1.10/sf</u>
	Total Annual Effective Cost:	\$91,896.00	@\$12.76/sf

Current Amount:	<u>5,200 Square Feet</u>		
	Annual Contract Rent:	\$42,900.00	@\$ 8.25/sf
	Est. Annual Utility Cost:	\$ 7,280.00	@\$ 1.40/sf
	Est. Annual Janitorial Cost:	<u>\$ 5,720.00</u>	<u>@\$ 1.10/sf</u>
	Total Annual Effective Cost:	\$55,900.00	@\$10.75/sf

Type: New Lease – Advertise – Lowest and only proposal received from the current lessor.

FRF Rate: \$12.50 per square foot

Purchase Option: Yes – 1 thru 10 yrs

Lessor: Pedigo-Lafayette Properties, LP, current lessor

Comment: The proposed lease provides (1) Lessor shall construct 2,000 sq. ft. addition to the existing building including tenant improvements at no additional cost to the State, and (2) proposed lease has no cancellation for the first five (5) years except for cause and/or lack of funding and 180-day thereafter.

SSC Report: 09-18-06. Bob King summarized the transaction. Staff referred to Sub-Committee for consent agenda.

SC Action: 09-25-06. Subcommittee approved the transaction as presented.

Approved by: \_\_\_\_\_

M.D. Goetz, Jr., Commissioner  
Department of Finance and Administration